

**Informal Meeting Minutes
Thursday, November 06, 2008
Meeting Scheduled Start Time: 9:00 AM**

**BOARD OF SUPERVISORS
Maricopa County, Arizona
(and the Boards of Directors of the Flood Control District,
Library District, Stadium District, Improvement Districts,
and/or Board of Deposit)**



"The mission of Maricopa County is to provide regional leadership and fiscally responsible, necessary public services to its residents so they can enjoy living in healthy and safe communities"

Board Members

Andrew Kunasek, District 3, Chairman
Fulton Brock, District 1
Don Stapley, District 2
Max Wilson, District 4
Mary Rose Wilcox, District 5

County Manager

David Smith

Clerk of the Board

Fran McCarroll

Meeting Location

Supervisors' Conference Room
301 West Jefferson-10th Floor
Phoenix, AZ 85003

BOARD OF SUPERVISORS

The Board of Supervisors of Maricopa County Arizona convened in Informal Session at 9:00 AM on Thursday, November 06, 2008, in the Tom Sullivan Conference Room with the following members present: Andrew Kunasek, Chairman, District 3; Max Wilson, Supervisor, District 3; Don Stapley, Supervisor, District 2; Absent: Fulton Brock, Supervisor, District 1 (entered late) and Mary Rose Wilcox, Supervisor, District 5. Also present: Lori Pacini, Deputy Clerk of the Board; Shirley Million, Minutes Coordinator; Sandi Wilson, Deputy County Manager; and Chris Keller, Chief Counsel, Civil Division.

ACTION

1. EXECUTIVE SESSION

Vote to convene in executive session to consider items on the executive agenda dated Thursday, November 6, 2008, pursuant to statutory authority listed for each item.

Motion to approve by: Supervisor Wilson, Seconded by: Supervisor Stapley
Ayes: Kunasek, Stapley, Wilcox, Wilson
Absent: Brock

RECESS AND RECONVENE INFORMAL SESSION

Chairman Kunasek recessed Executive Session and reconvened Informal Session in the Supervisors Conference Room. All Board members remained in session. Also present: David Smith replacing Ms. Wilson; Liz Evans replacing Ms. Million and Victoria Mangiapane replacing Mr. Keller.

PRESENTATION

Office of Management and Budget

2. ECONOMIC AND FISCAL UPDATE

Update on economic and fiscal trends.

Elliott D. Pollack, Economist, Elliott D. Pollack & Co.

Sandi Wilson, Deputy County Manager

Christopher Bradley, Deputy Budget Director (C-49-09-028-P-00)

Sandi Wilson, Deputy County Manager, addressed the Board, saying that she and Chris Bradley, Deputy Budget Director, were there to update the Board on the County's current economic conditions and that comprehensive budget balancing guidelines would be brought back to the Board within the next few weeks.

Mr. Bradley updated the Board on State Shared Sales Tax, Vehicle License Tax and Jail Excise Tax revenues. He said that the State Shared Sales Tax revenues are under last year by 7 percent which is \$7.2 million under budget year-to-date. Mr. Bradley also explained that the State Shared Vehicle License Tax and Jail Excise Tax were under budget year-to-date through October. Supervisor Stapley asked how new vehicle sales impact the Vehicle License Tax revenues. Mr. Bradley replied that new vehicle sales are not keeping up with depreciation. Mr. Bradley said that the pessimistic forecast for our overall budget is a deficit of \$58.4 million this fiscal year.

~ Supervisor Brock entered the meeting ~

Ms. Wilson stated she planned to come before the Board to present some budget balancing proposals. Chairman Kunasek requested that Ms. Wilson follow up with the other elected officials on these issues. Ms. Wilson said she would make sure to touch base with everyone because the plan will be for them to come up with expenditure reductions.

Elliott Pollack reported that the overall news was no better than the last time he came before the Board and he presented an overview of the economy to the Board.

Supervisor Stapley asked how housing prices in Maricopa County compare to other metropolitan areas. Mr. Pollack replied that Arizona, Nevada, California and Florida are the worst. Mr. Pollack predicted that positive change probably will not be seen until the second or third quarter of 2009.

David Smith asked what the County can do to counteract the negative economy. Mr. Smith said, as an example, he would like Mr. Pollack's input about proceeding with the Court Tower Project. Mr. Pollack replied that the traditional response would be to have the County continue with capital projects when the economy is bad. He said the County will be better off in long run because the project will create employment at a time when jobs are scarce and commodity costs will be lower.

Supervisor Wilson commented that this is still a good place to retire and there should be some effort to let the rest of the nation know that Maricopa County is a good place to be. Mr. Pollack responded by saying the problem is that people need to be able to sell their homes elsewhere before they can come here to retire. He said that the County should be in great shape to capture that market in the long term but the short term is problematic.

Supervisor Wilson asked how long it would be before the benefits of lower gas prices are realized. Mr. Pollack said that the big jump in gas prices cost about consumers about one

percent of their income. He continued by saying that consumers will get that one percent back, not only in gas prices but in food prices and other commodities, however oil prices will go up again at some point.

Supervisor Brock inquired whether the federal government is doing all it can to encourage refinancing adjustable rate mortgages (ARM) to fixed rate mortgages and asked Mr. Pollack for his projections. Mr. Pollack speculated for those who qualify, mortgages will be readily available, but qualification standards will be tougher. Regarding ARM's, Mr. Pollack said that banks do not want houses so they will do what they can to refinance customers who have the ability to pay. The people who are most threatened are those that are so far over their heads they will lose their homes regardless of refinancing. Mr. Pollack does not expect lending institutions to ask for additional equity.

Supervisor Wilcox asked how the bailout passed by Congress affected the economy. Mr. Pollack replied that had commercial paper been unavailable, it would have caused bankruptcies almost overnight. He said the fact is that this country has never been in this type of situation before, and while he believes that the federal government has acted appropriately, it will be awhile before effects will be noticeable.

Mr. Smith commented that the human factor wasn't taken into account in all the Wall Street computer calculations and models. Mr. Pollack agreed, saying that investors are afraid and the underlying factors of too much debt and not enough savings are still there.

Supervisor Brock mentioned the Office of Federal Housing Enterprise Oversight (OFHEO) and that it appears they failed as the sole regulators of Fannie Mae and Freddie Mac.

Supervisor Wilcox remarked that projections are grim and the County should try to go easier on cuts to County services for taxpayers affected by the economy, especially in the Human Services area.

Supervisor Wilson said the one thing that is not discussed is corruption. Mr. Pollack replied in his opinion, it was stupidity and greed but not necessarily corruption. He also agreed this type of catharsis will help to clean up the mortgage industry. Supervisor Stapley maintained that the bottom line is everyone thought housing prices would never go down and Mr. Pollack agreed.

Supervisor Stapley said the country needs to create ways to reverse that trend and he is excited to be working on an energy initiative that could create jobs and help turn the economy around. Mr. Pollack responded by saying that jobs are really the key to everything.

Supervisor Brock said the thing he worries most about is the regulatory agencies. He stated that he was distressed that there was no warning from regulatory authorities. Mr. Pollack stated that it would not have mattered how regulated it was, the regulators would not have seen it coming. Mr. Smith commented that the leaders of some of the financial organizations are to blame.

Chairman Kunasek asked whether the economists who advise the State understand the gravity of the situation. Mr. Pollack assured him that legislators do understand but he had not spoken with the Governor.

~ RECESS AND RECONVENE EXECUTIVE SESSION ~

Chairman Kunasek recessed Informal Session and reconvened Executive Session at 11:15 a.m. in the Tom Sullivan Conference Room. All Board Members remained in session. Also present were Fran McCarroll, Clerk of the Board, replacing Lori Pacini; Ms. Million replacing Ms. Evans and Mr. Keller replacing Ms. Mangiapane.

~ RECESS AND CONVENE IN FORMAL SESSION ~

Chairman Kunasek recessed Executive Session and convened the Formal Session at 1:00 p.m. in the Supervisors Auditorium at 205 W. Jefferson. All Board members remained in session, with Ms. Mangiapane replacing Mr. Keller.

~ FORMAL MEETING ADJOURNED AND EXECUTIVE SESSION RECONVENED ~

Chairman Kunasek reconvened Executive Session at 4:30 p.m. in the Tom Sullivan Conference Room, with all of the above remaining in session except Supervisor Stapley, who was excused for the remainder of this meeting and with Mr. Keller replacing Ms. Mangiapane.

MEETING ADJOURNED

Following discussion on the above and there being no further business to come before the Board, the meeting was adjourned.

Andrew Kunasek, Chairman of the Board

ATTEST:

Fran McCarroll, Clerk of the Board